

NG2

New Gate Group

Presentation of
FY 2010
financial results



Wide portfolio of business concepts

CCC

Economy, shopping centres & cities

Floorspace (average – sq m) 329

Capex (PLN per sq m) 995

BOTI

**Super-economy concept,
hypermarkets & mid-sized towns**

Floorspace (average – sq m) 128

Capex (PLN per sq m) 788

QUAZI

Premium brand, shopping malls

Floorspace (average – sq m) 140

Capex (PLN per sq m) 2225

NG2 S.A. – stock listed since 2004



Stock info

Share Price = 63,30 PLN

Reuters: CCCC.WA

Bloomberg: CCC PW

www.ng2.pl

Market Cap:

(PLNm) 2,427

(EURm) 625.0

Number of shares:

38.400.000

Free float 30%

Analysts coverage

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Financial results and strategy of NG2

In 2010 NG2 posted record net profit due to high margins and strict control of operating costs.

Strategy of NG2 is driven by the strong organic growth in the domestic market. However, in 2011 NG2 decided to commence the franchise operations in Russia.

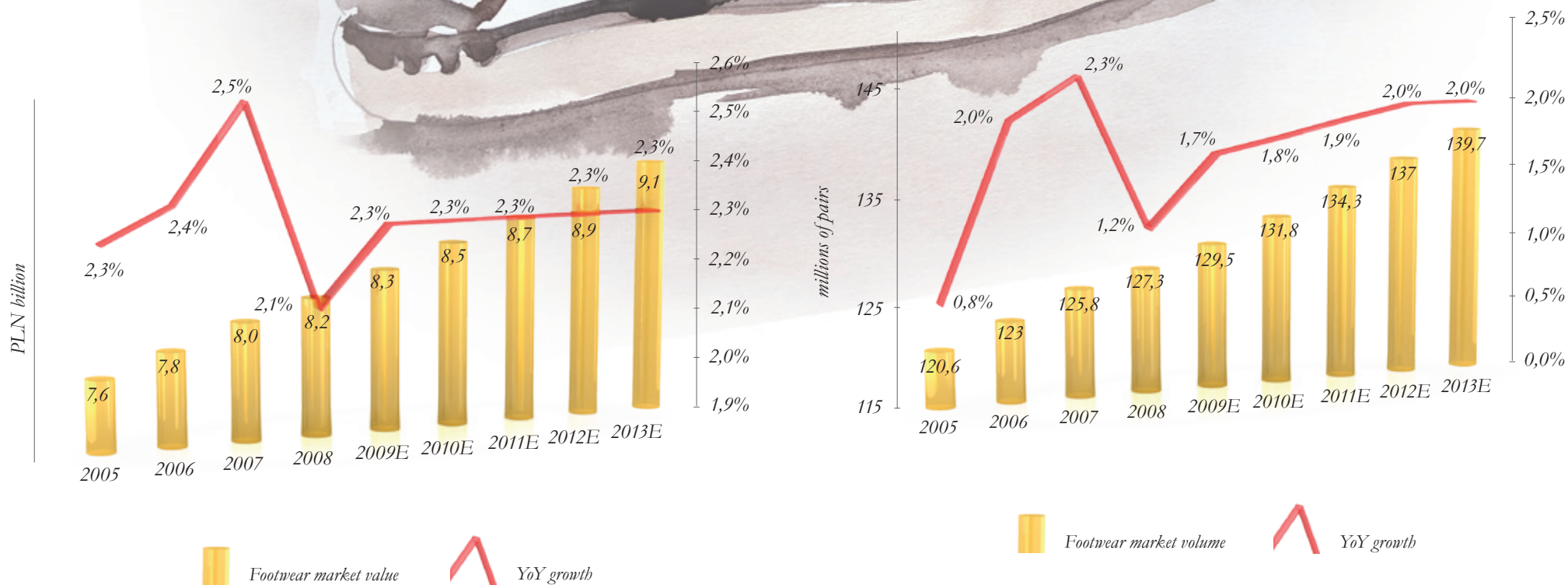
The strategic goal for 2011–2012 is to maintain high profitability accompanied by high ROE.

NG2 S.A. – leader of the footwear market in Poland

„Two things are very significant in life: a good bed and comfortable shoes. Since a person is either in bed or wearing shoes...”
Marcel Achard



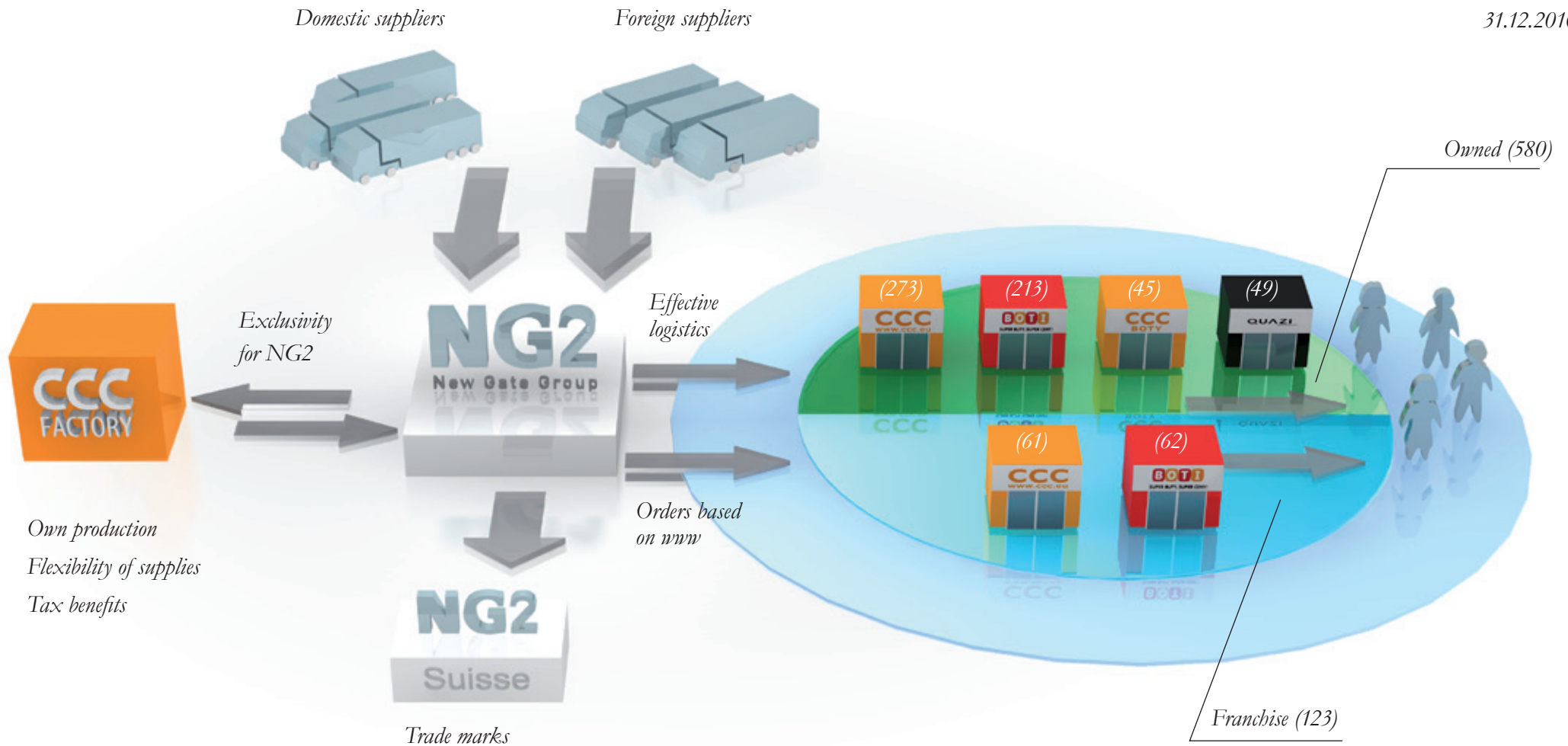
Footwear market in Poland



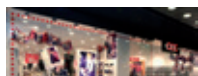
- Unsaturated market (4.1 pairs of shoes per year while the average figure for EU is 6.2)
- Lack of strong competitors
- NG2 is the market leader in Poland
- Market share of NG2 estimated at 13% / 14% in terms of value / volume (2010)

NG2 S.A. – growth & value delivered

Total number of outlets: **703**
31.12.2010



CCC – key driving factor of NG2 performance



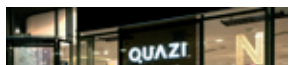
| | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|--|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of outlets | | | | | | | | | | | | |
| <i>domestic company-owned outlets</i> | 181 | 197 | 207 | 228 | 229 | 237 | 236 | 254 | 262 | 269 | 267 | 273 |
| <i>abroad company-owned outlets</i> | 15 | 19 | 19 | 25 | 29 | 32 | 33 | 38 | 40 | 40 | 41 | 45 |
| <i>franchise shops, partners</i> | 99 | 100 | 100 | 95 | 85 | 82 | 79 | 72 | 61 | 61 | 61 | 61 |
| Floorspace (sq m) | 89 540 | 92 823 | 95 528 | 102 527 | 103 787 | 106 360 | 106 490 | 111 858 | 112 207 | 114 185 | 115 190 | 119 244 |
| <i>domestic company-owned outlets</i> | 62 280 | 63 798 | 66 463 | 72 388 | 73 807 | 76 286 | 76 758 | 82 515 | 85 171 | 87 149 | 87 762 | 90 738 |
| <i>abroad company-owned outlets</i> | 5 415 | 6 679 | 6 679 | 8 358 | 9 835 | 10 699 | 10 925 | 12 466 | 12 933 | 12 933 | 13 124 | 14 282 |
| <i>franchise shops, partners</i> | 21 845 | 22 346 | 22 386 | 21 781 | 20 145 | 19 375 | 18 807 | 16 877 | 14 103 | 14 103 | 14 304 | 14 224 |
| Gross Profit on Sale Margin (%) | | | | | | | | | | | | |
| <i>owned</i> | 56,8 | 60,1 | 55,8 | 53,4 | 46,8 | 54,3 | 51,0 | 56,7 | 55,8 | 58,6 | 55,2 | 57,3 |
| <i>franchise</i> | 37,7 | 38,6 | 36,6 | 21,2 | 18,8 | 28,8 | 35,6 | 33,1 | 34,5 | 32,4 | 29,5 | 35,4 |
| <i>abroad CCC</i> | 44,2 | 49,0 | 34,0 | 50,9 | 51,8 | 61,4 | 50,9 | 45,0 | 45,5 | 47,5 | 46,8 | 48,0 |

BOTI – super-economy second leg of NG2



| | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|--|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Number of outlets | | | | | | | | | | | | |
| <i>domestic company-owned outlets</i> | 84 | 108 | 119 | 142 | 164 | 181 | 210 | 213 | 223 | 222 | 225 | 213 |
| <i>franchise shops</i> | 80 | 80 | 83 | 73 | 73 | 76 | 65 | 64 | 65 | 66 | 63 | 62 |
| Floorspace (sq m) | | | | | | | | | | | | |
| <i>domestic company-owned outlets</i> | 9 583 | 12 148 | 13 487 | 16 092 | 18 765 | 21 358 | 24 586 | 25 216 | 27 507 | 27 750 | 28 765 | 27 447 |
| <i>franchise shops</i> | 7 895 | 7 895 | 8 210 | 7 301 | 7 518 | 7 923 | 7 050 | 7 090 | 7 304 | 7 479 | 6 978 | 6 912 |
| Gross Profit on Sale Margin (%) | | | | | | | | | | | | |
| <i>owned</i> | 57,3 | 60,1 | 55,6 | 54,8 | 46,0 | 51,6 | 50,5 | 56,4 | 54,4 | 58,3 | 55,9 | 57,8 |
| <i>franchise</i> | 37,7 | 38,6 | 36,6 | 21,2 | 18,8 | 28,8 | 35,6 | 33,1 | 34,5 | 32,4 | 29,5 | 35,4 |

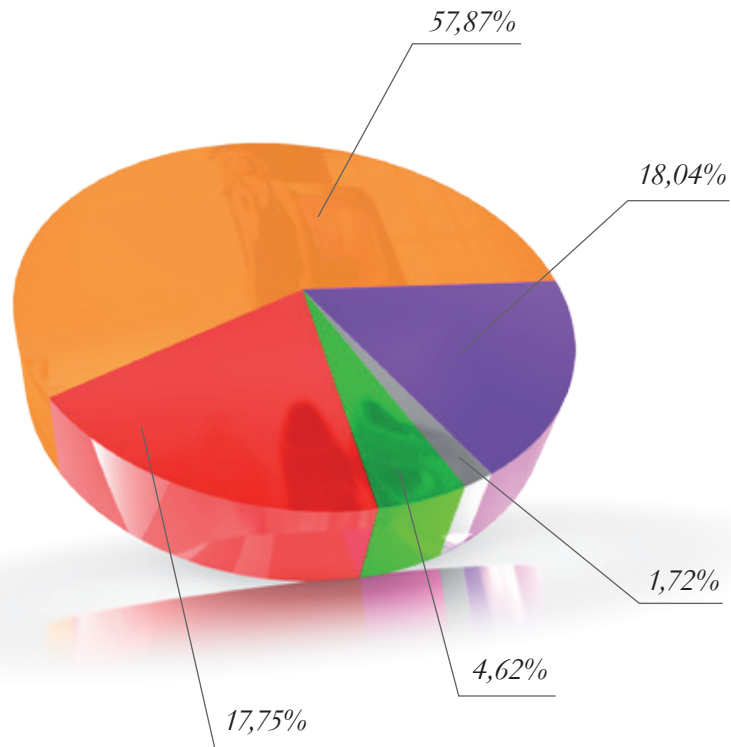
Quazi – premium brand



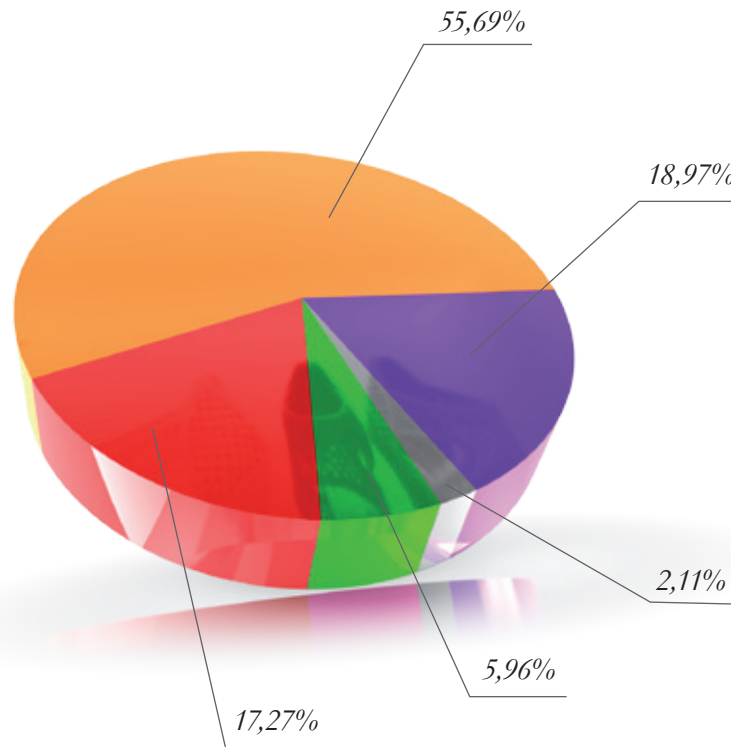
| | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of outlets | | | | | | | | | | | | |
| <i>owned</i> | 25 | 28 | 29 | 33 | 34 | 41 | 44 | 51 | 48 | 49 | 48 | 49 |
| Floorspace (sq m) | 4 391 | 4 767 | 4 935 | 5 543 | 5 641 | 6 568 | 6 943 | 7 863 | 6 938 | 7 033 | 6 772 | 6 854 |
| Gross Profit on Sale Margin (%) | | | | | | | | | | | | |
| <i>owned</i> | 40,0 | 45,5 | 32,7 | 46,2 | 36,1 | 46,5 | 44,1 | 49,6 | 50,4 | 56,8 | 53,4 | 54,1 |

Revenue split by volume and sales channels (%)

1-4Q 2009



1-4Q 2010



CCC



BOTI



QUAZI

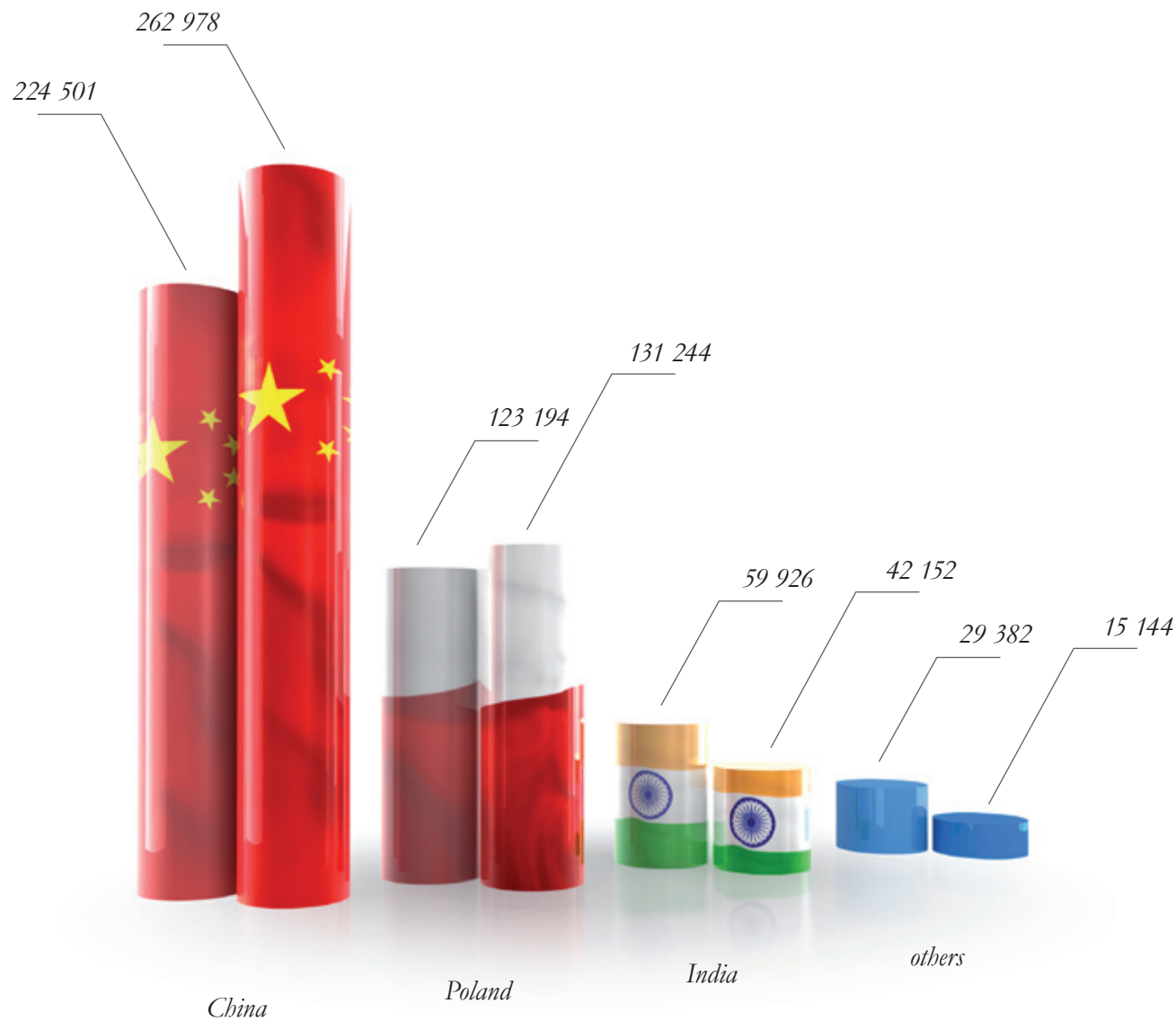


NG2 to CCC Boty

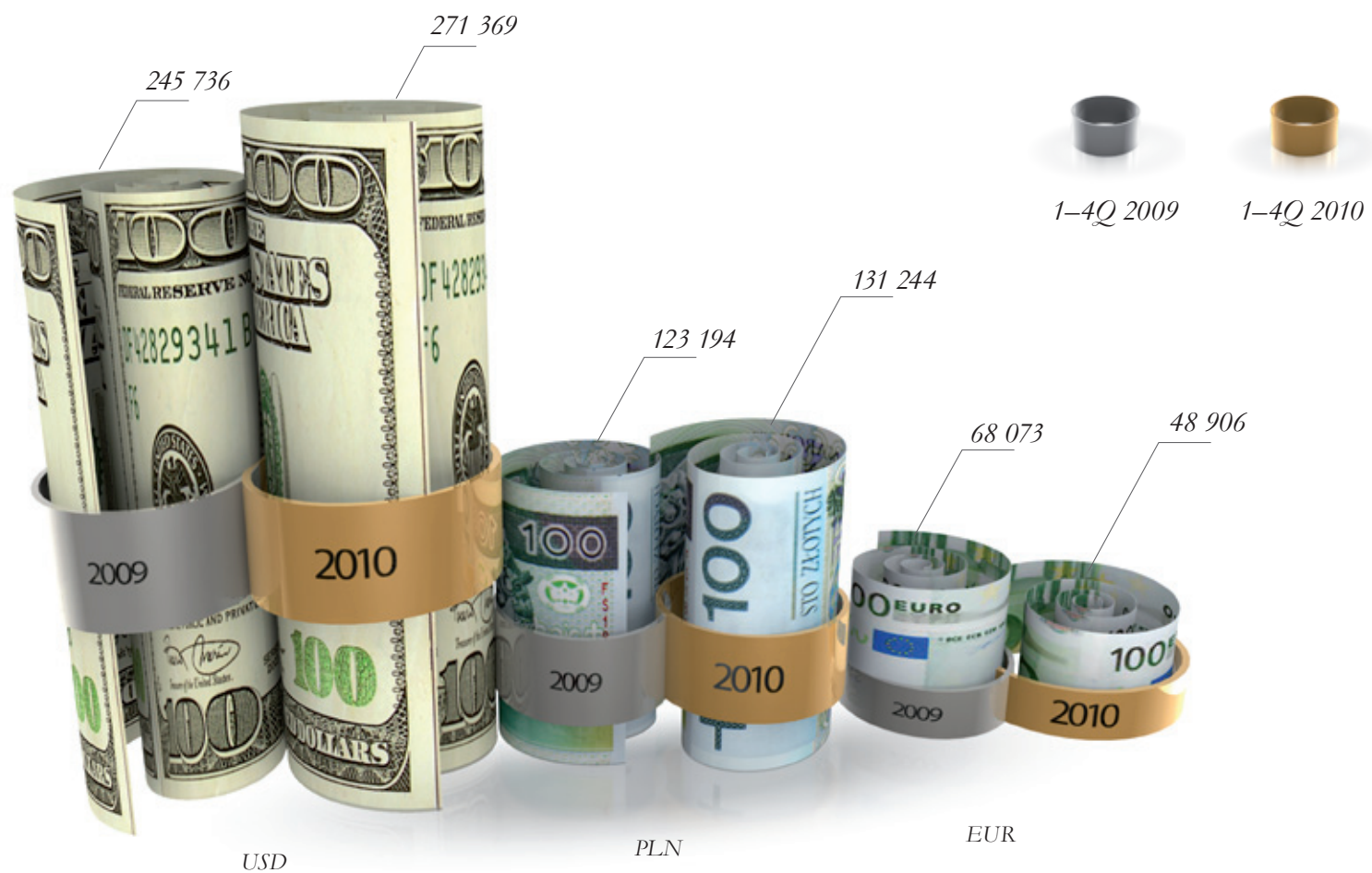


Franchise

Purchases split by sources of supplies (PLN 000')



I-XII 2009/2010 (PLN 000')



October/November/December 2009 vs. 2010

221 stores



| | October 2009 | October 2010 | % |
|--------------------------|------------------|------------------|-----------------|
| number of visitors | 9 815 203 | 9 357 576 | -4,66% |
| number of transactions | 822 311 | 752 768 | -8,46% |
| net sales | 76 897 683,00 zł | 73 620 207,00 zł | -4,26% |
| effectiveness of sales | 8,40% | 8,00% | -0,4 p.p |
| av. ticket value | 94 zł | 98 zł | 4,58% |
| revenue per 100 visitors | 783 zł | 787 zł | 0,42% |

227 stores



| | November 2009 | November 2010 | % |
|--------------------------|------------------|------------------|-----------------|
| number of visitors | 8 156 967 | 8 490 820 | 4,09% |
| number of transactions | 570 468 | 585 892 | 2,70% |
| net sales | 54 638 405,00 zł | 57 882 170,00 zł | 5,94% |
| effectiveness of sales | 7,00% | 6,90% | -0,1 p.p |
| av. ticket value | 96 zł | 99 zł | 3,15% |
| revenue per 100 visitors | 670 zł | 682 zł | 1,77% |

230 stores



| | December 2009 | December 2010 | % |
|--------------------------|------------------|------------------|----------------|
| number of visitors | 6 900 336 | 7 217 357 | 4,59% |
| number of transactions | 461 730 | 503 216 | 8,98% |
| net sales | 38 652 366,00 zł | 42 879 146,00 zł | 10,94% |
| effectiveness of sales | 6,70% | 7,00% | 0,3 p.p |
| av. ticket value | 84 zł | 85 zł | 1,79% |
| revenue per 100 visitors | 560 zł | 594 zł | 6,06% |

Financial results – Q4 2010

| | 4Q 2009 `000 PLN | 4Q 2010 `000 PLN | Change % 4Q 2010/2009 |
|--------------------------------|---------------------|---------------------|--------------------------|
| Revenue | 270 381 | 321 409 | 18,9% |
| Gross Profit on Sale | 150 472 | 176 516 | 17,3% |
| Gross Profit on Sale Margin | 55,7% | 54,9% | -1,4% |
| Selling Costs | -101 358 | -109 184 | 7,7% |
| General & Administrative Costs | -4 293 | -4 384 | 2,1% |
| EBIT | 45 838 | 54 504 | 18,9% |
| EBIT Margin | 17,0% | 17,0% | 0,0% |
| Financial Costs | -2 379 | -462 | -80,6% |
| Gross Profit | 43 760 | 54 068 | 23,6% |
| Net Profit | 37 049 | 44 483 | 20,1% |
| Net Profit Margin | 13,7% | 13,8% | 1,0% |
| Total Assets | 551 125 | 683 571 | 24,0% |
| Liabilities nad Reserves | 210 916 | 253 689 | 20,3% |
| Long Term Liabilities | 81 361 | 36 161 | -55,6% |
| Short Term Liabilities | 129 555 | 217 528 | 67,9% |
| Equity | 340 209 | 429 882 | 26,4% |

Financial results – FY 2010

| | <i>FY 2009</i> <i>'000 PLN</i> | <i>FY 2010</i> <i>'000 PLN</i> | <i>Change</i> <i>1–4Q 2010/2009</i> |
|--------------------------------|-----------------------------------|-----------------------------------|--|
| Revenue | 922 408 | 1 029 605 | 11,6% |
| Gross Profit on Sale | 481 202 | 560 133 | 16,4% |
| Gross Profit on Sale Margin | 52,2% | 54,4% | 4,2% |
| Selling Costs | –361 448 | –402 236 | 11,3% |
| General & Administrative Costs | –13 133 | –14 640 | 11,5% |
| EBIT | 108 159 | 133 532 | 23,5% |
| EBIT Margin | 11,7% | 13,0% | 10,6% |
| Financial Costs | –9 341 | –7 640 | –18,2% |
| Gross Profit | 99 677 | 126 366 | 26,8% |
| Net Profit | 83 603 | 120 583 | 44,2% |
| Net Profit Margin | 9,1% | 11,7% | 29,2% |
| Total Assets | 551 125 | 683 571 | 24,0% |
| Liabilities and Reserves | 210 916 | 253 689 | 20,3% |
| Long Term Liabilities | 81 361 | 36 161 | –55,6% |
| Short Term Liabilities | 129 555 | 217 528 | 67,9% |
| Equity | 340 209 | 429 882 | 26,4% |

NG2 – unleveraged retailer (31.12.2010)

Financial Indebtedness (%)



Net debt / EBITDA

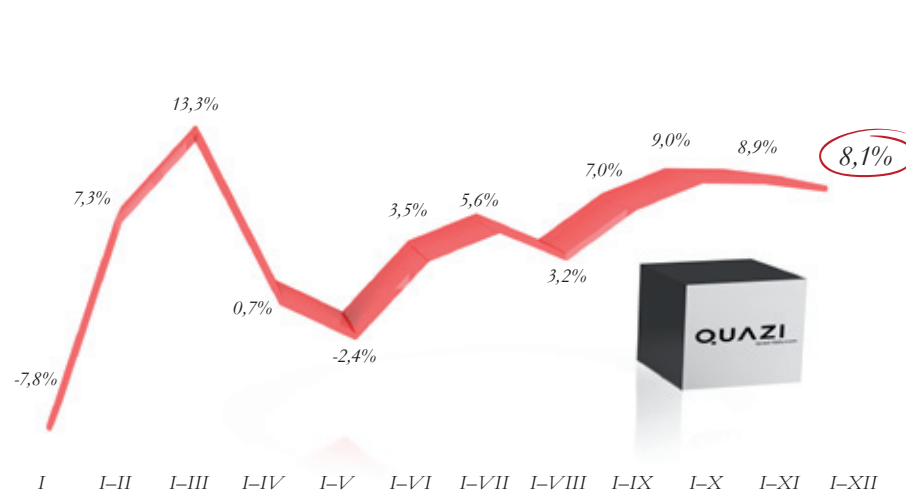
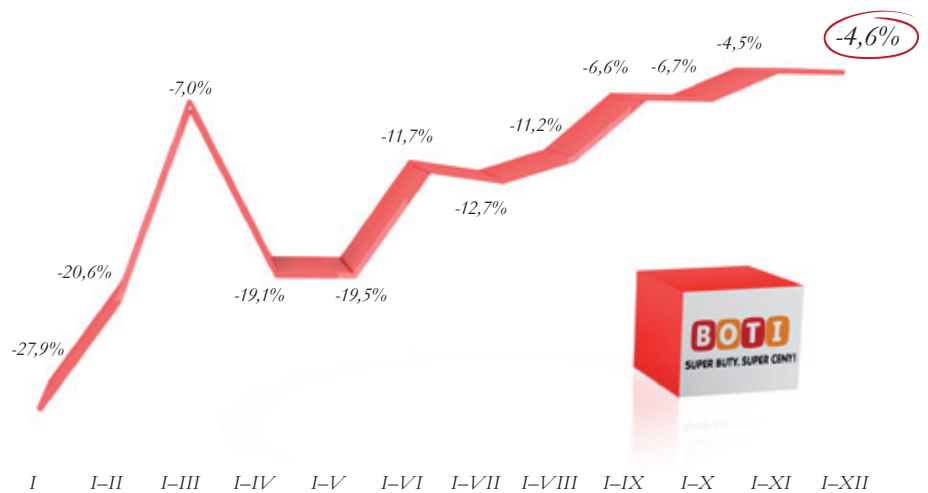
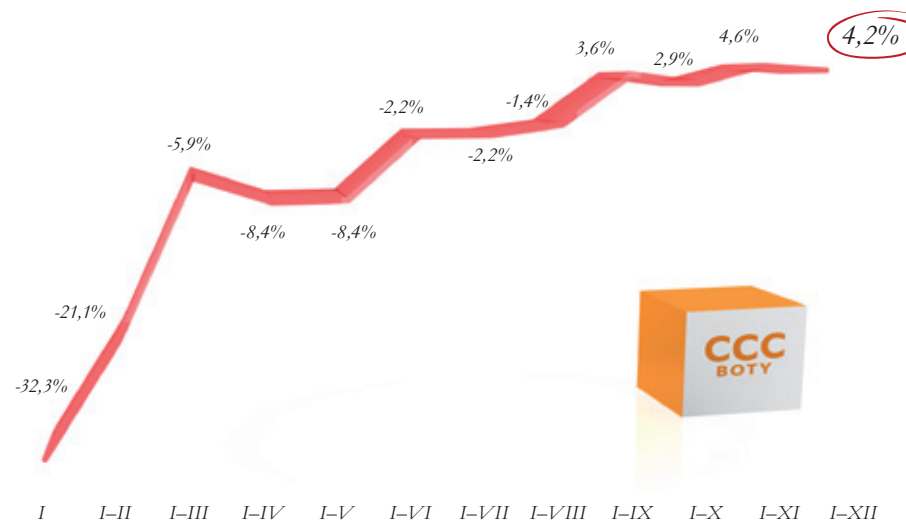
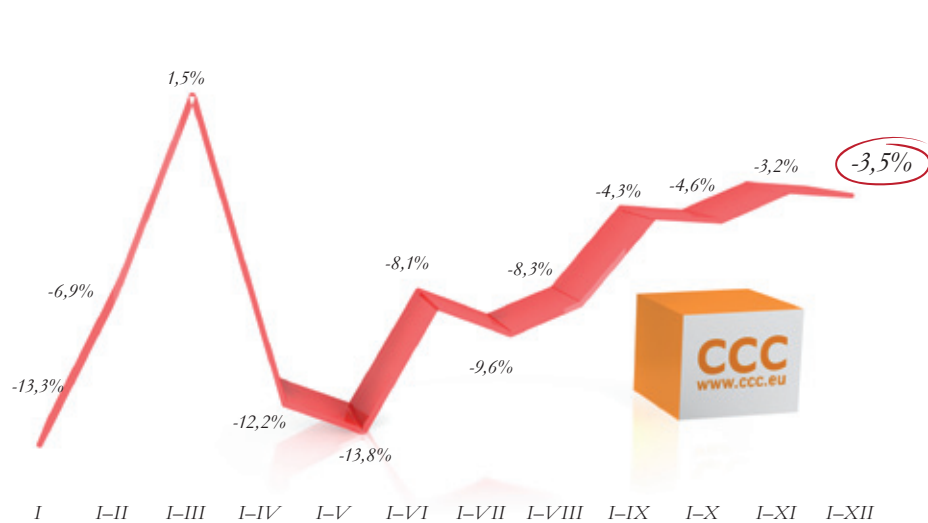


Gross Profit Interest Cover



| | 2009 | 2010 |
|------------------------------------|-------|-------|
| <i>Financial Indebtedness (%)</i> | 42,1% | 43,2% |
| <i>Net debt / EBITDA</i> | 0,62 | 0,55 |
| <i>Gross Profit Interest Cover</i> | 13,0 | 32,7 |

L-f1 sales I–XII 2010

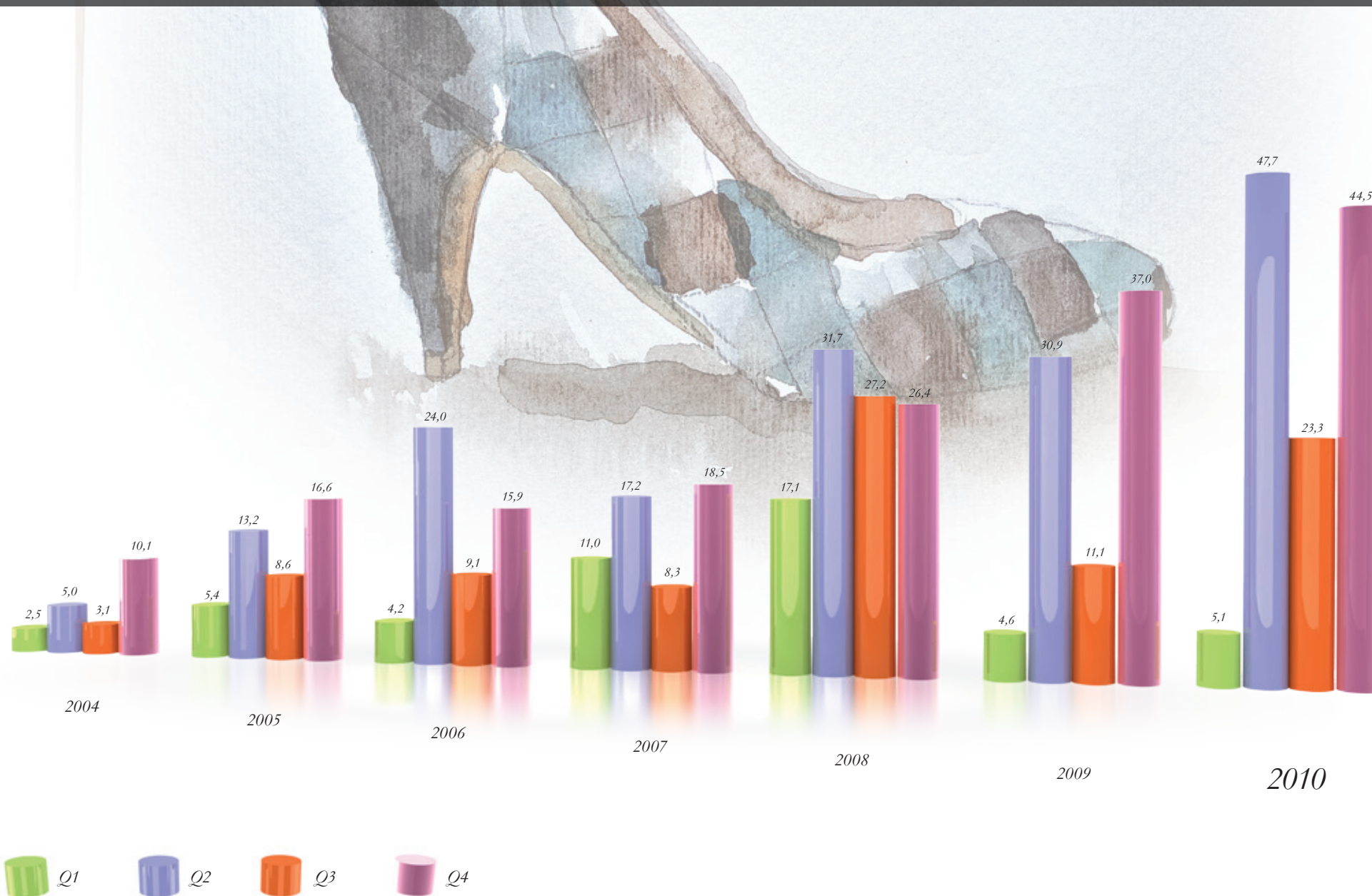


Selling costs in company-owned stores



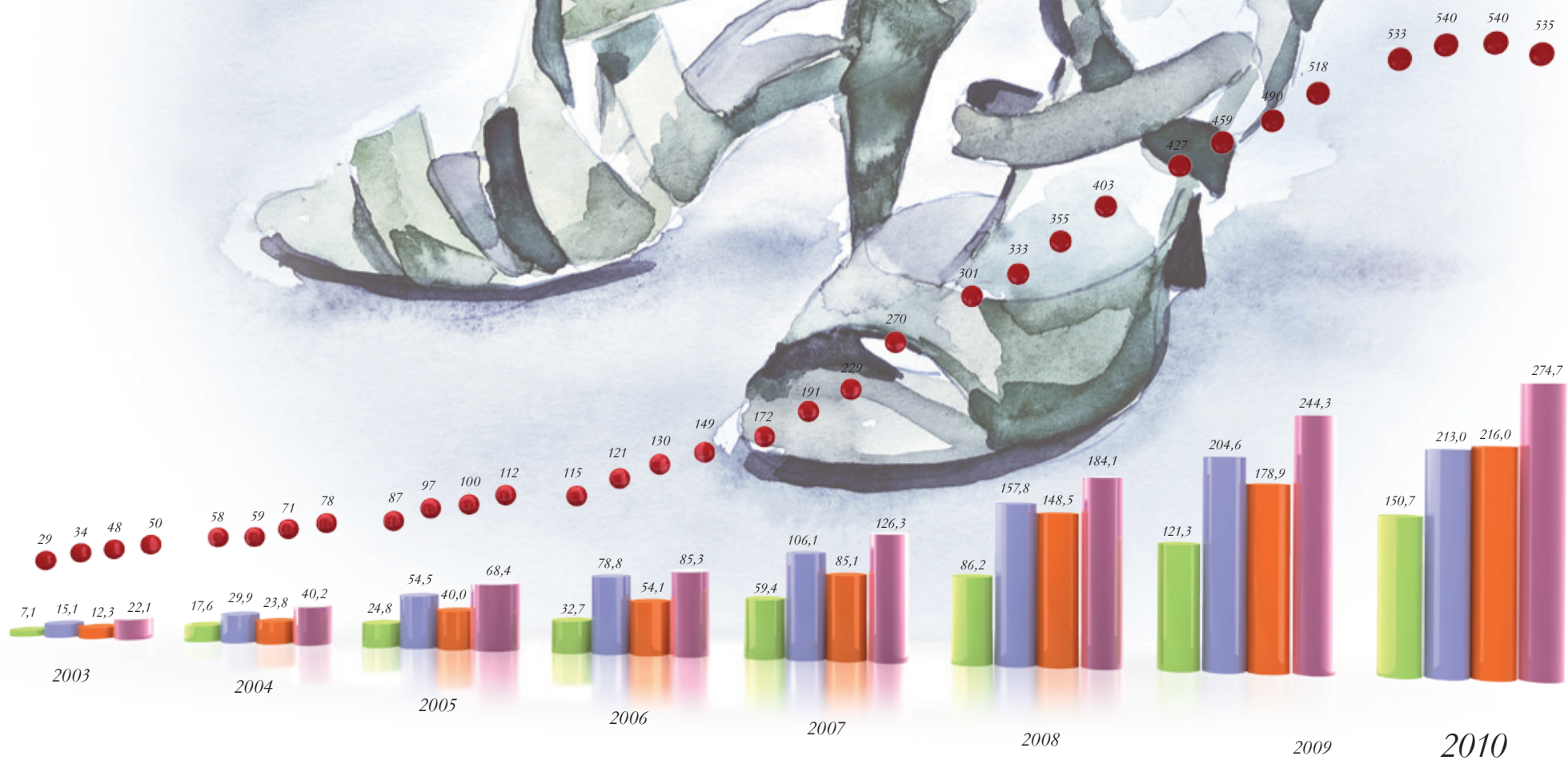
| | <i>selling costs</i> (PLN/m ²) | <i>rental costs</i> (PLN/m ²) | <i>selling costs</i> (PLN/m ²) | <i>rental costs</i> (PLN/m ²) | <i>selling costs</i> (PLN/m ²) | <i>rental costs</i> (PLN/m ²) |
|--------------------|---|--|---|--|---|--|
| I-IV Q 2010 | 187 | 92 | 177 | 73 | 316 | 159 |
| I-IV Q 2009 | 195 | 96 | 187 | 70 | 327 | 165 |
| change % 2010/2009 | -4,1% | -4,2% | -5,3% | 4,3% | -3,4% | -3,6% |
| IV Q 2010 | 192 | 93 | 184 | 77 | 311 | 156 |
| IV Q 2009 | 196 | 95 | 183 | 73 | 315 | 158 |
| change % 2010/2009 | -2,0% | -2,1% | 0,5% | 5,5% | -1,3% | -1,3% |
| I-III Q 2010 | 185 | 92 | 174 | 71 | 318 | 160 |
| I-III Q 2009 | 194 | 97 | 188 | 69 | 331 | 167 |
| change % 2010/2009 | -4,6% | -5,2% | -7,4% | 2,9% | -3,9% | -4,2% |
| III Q 2010 | 192 | 93 | 181 | 72 | 315 | 162 |
| III Q 2009 | 191 | 93 | 183 | 69 | 322 | 160 |
| change % 2010/2009 | 0,5% | 0,0% | -1,1% | 4,3% | -2,2% | 1,3% |

Consolidated Net Profit 2004–2010 (PLN million)

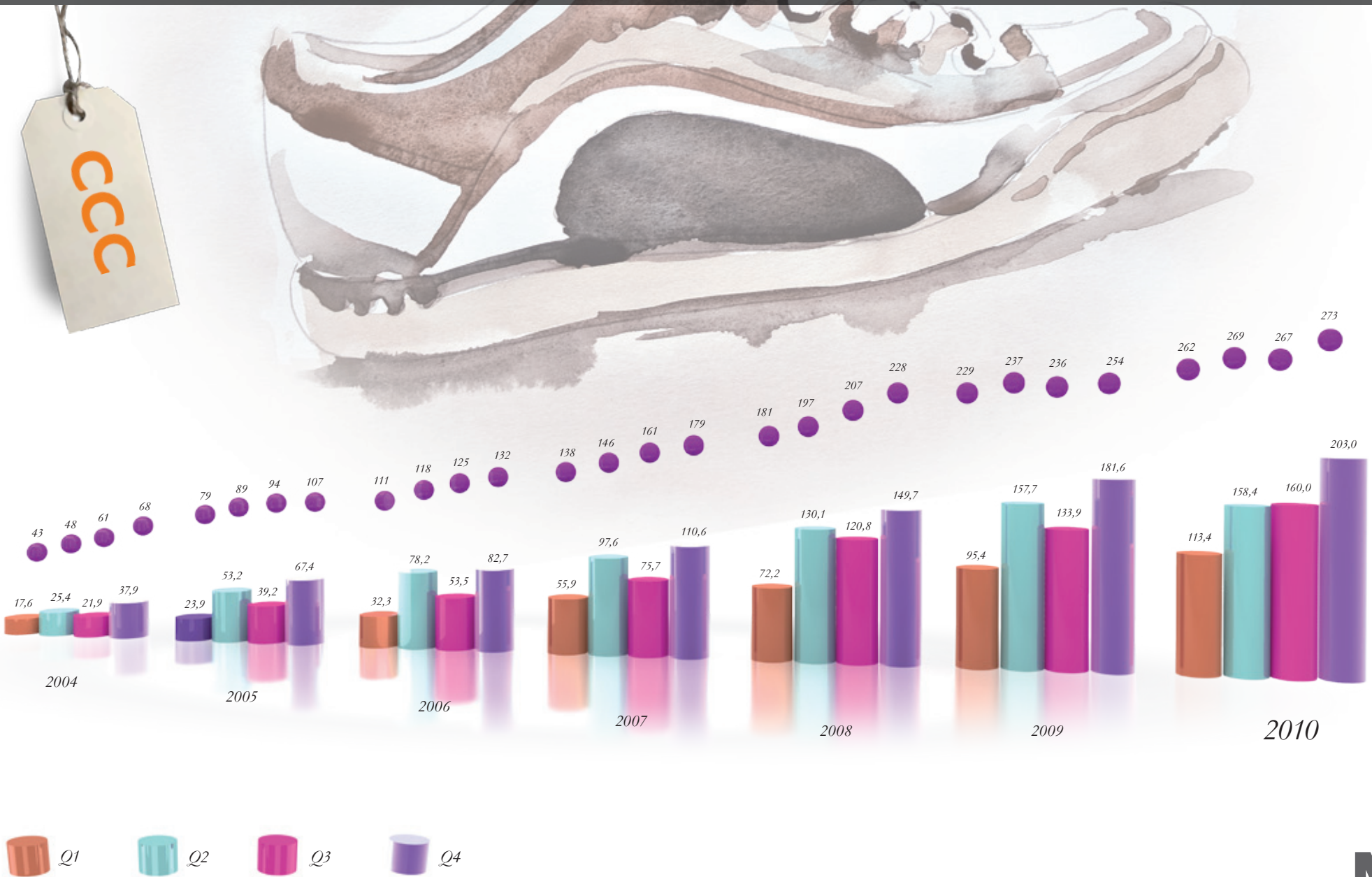


■ Q1
 ■ Q2
 ■ Q3
 ■ Q4

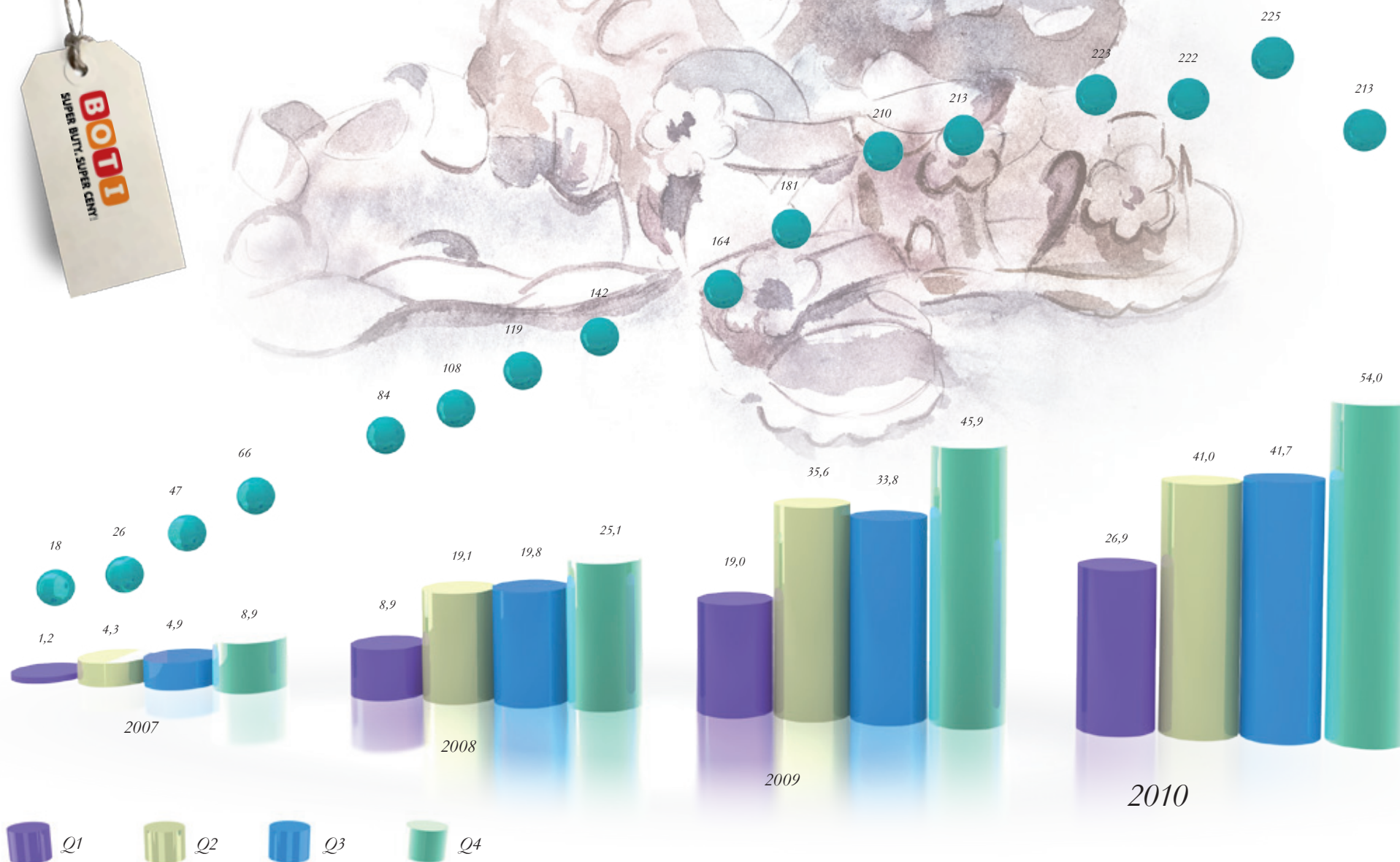
Revenue – owned stores 2003–2010



Revenue – CCC stores 2004–2010



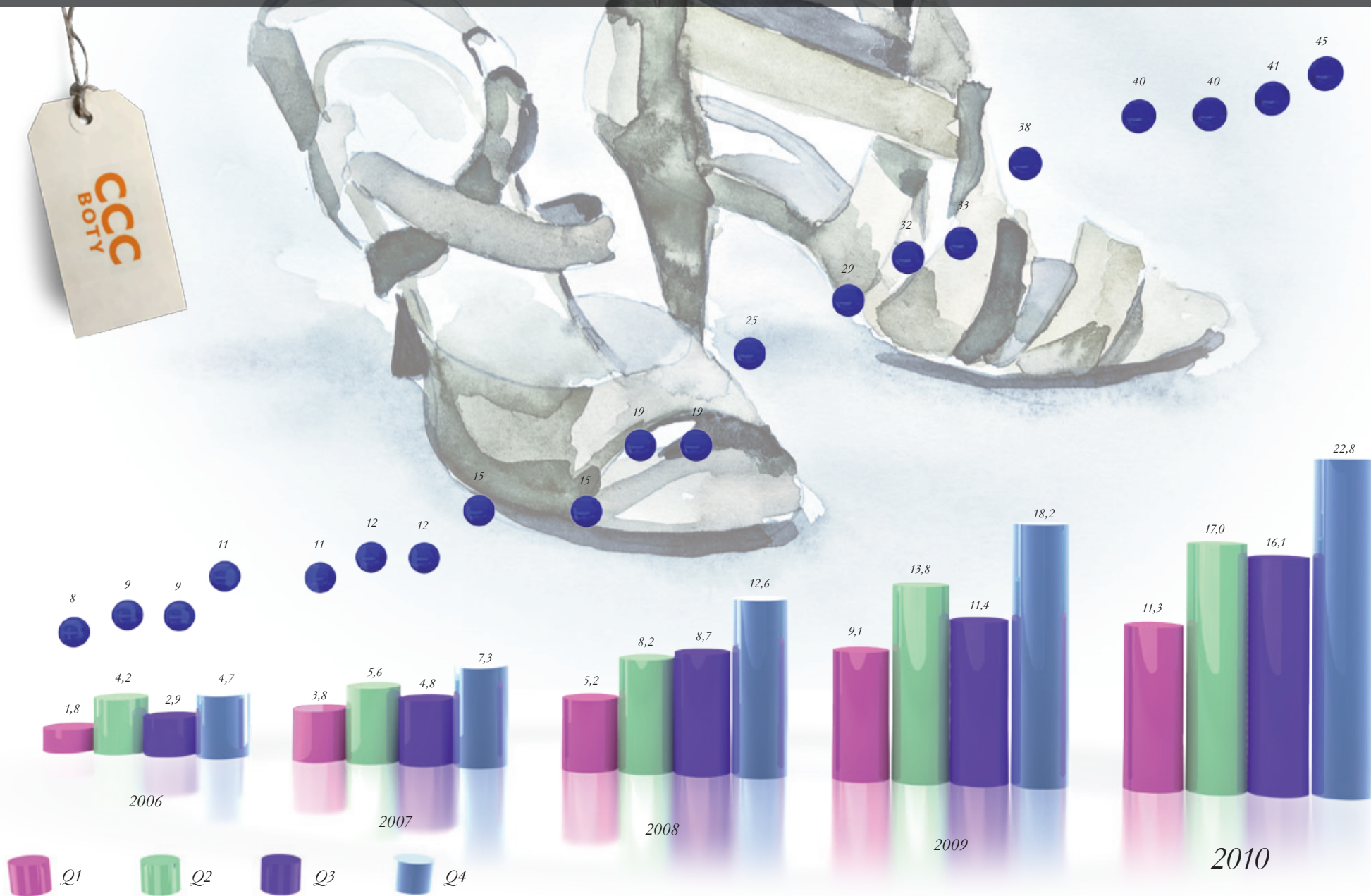
Revenue – BOTI stores 2007–2010



Revenue – QUAZI stores 2006–2010



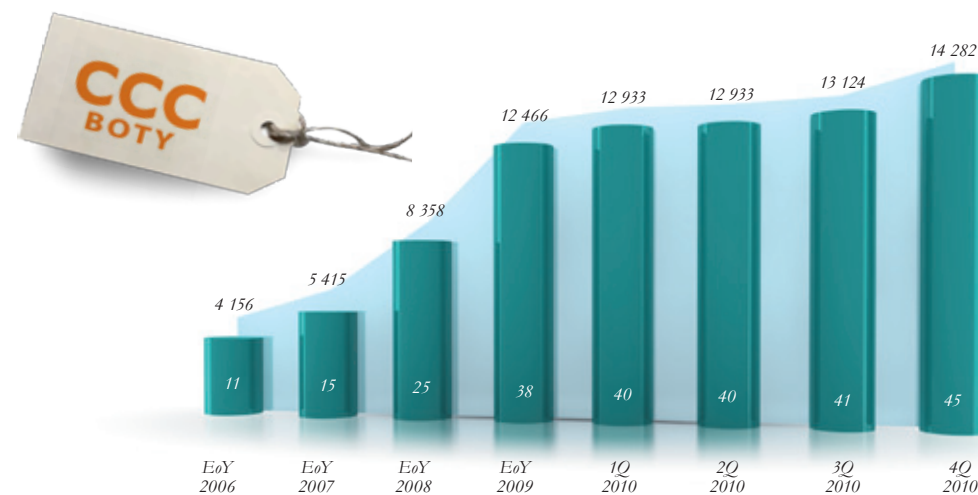
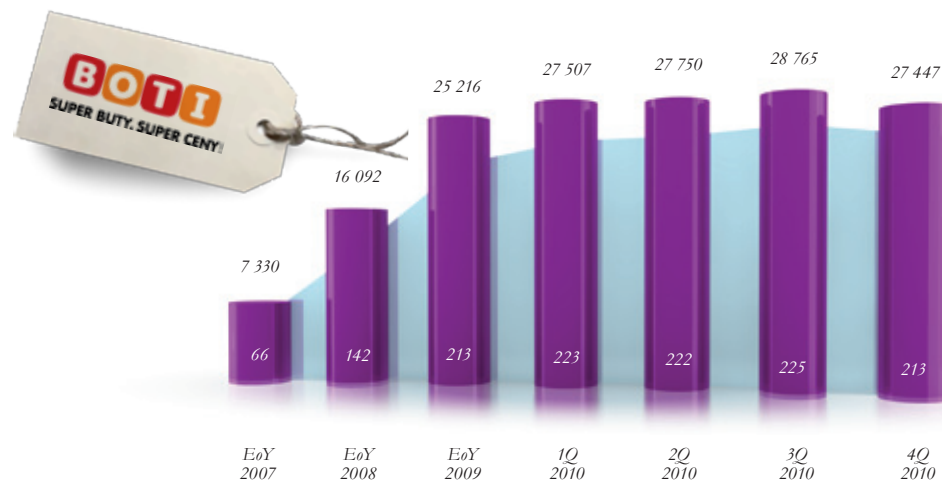
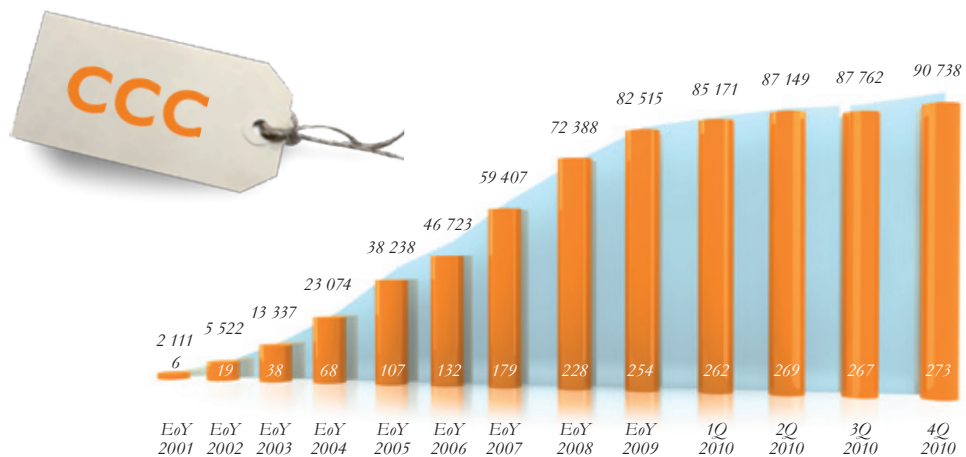
Revenue – CCC Boty Czech stores 2006–2010



Revenue by sales channels 2009/2010



Floorspace and number of stores



Factors affecting strategy of NG2



Characteristics of the footwear market in Poland.

- Domestic footwear market in Poland dispersed and not saturated.
- Foreign footwear chains lost momentum to grow in Polish market.
- Lack of large multinational players (Deichmann is an exception).

Financial strength of NG2

- Low leverage allows to finance rapid expansion.
- Low interest costs guarantee stability of business development.
- High equity and ROE make NG2 unique low-risk retail chain.

Economic slowdown

- NG2 wasn't surprised by the slowdown – as opposed to other retail companies.
- NG2 is a well shaped organization with low level of costs and effective structure.
- Opportunities are taken to increase the competitive advantages.
- Crisis is the best possible period to increase the awareness of the brand among customers - marketing and advertising activities weren't limited.

Strategy of NG2



Strategy of NG2 is based on constant dynamic growth and increase of the market share in Poland.

- Value of the market is estimated to be PLN 8 billion (130 million pairs).
- NG2 is the market leader in Poland with market share of 13–14%.
- Company's three years mid-term target is market share in Poland above 20%.

Organic growth

- Lack of attractive companies to acquire.
- Opening of new CCC, BOTI and Quazji stores in Poland and CCC in Czech Republic.
- Franchise stores in Poland are gradually being taken over. Since 2011 new franchise stores will be opened in Russia.

Increase of the effectiveness

- Two-digit l-f-l growth remains the strategic goal of NG2.
- Further automation of the processes is intended to lower labour costs.
- Precise budgets limit expenditures and increase the cost awareness.

Development plans



In 2010 NG2 Group opened 70 new stores (incl. 8 in Czech Republic) and closed 46 stores.

Stores closed in 2010 were:

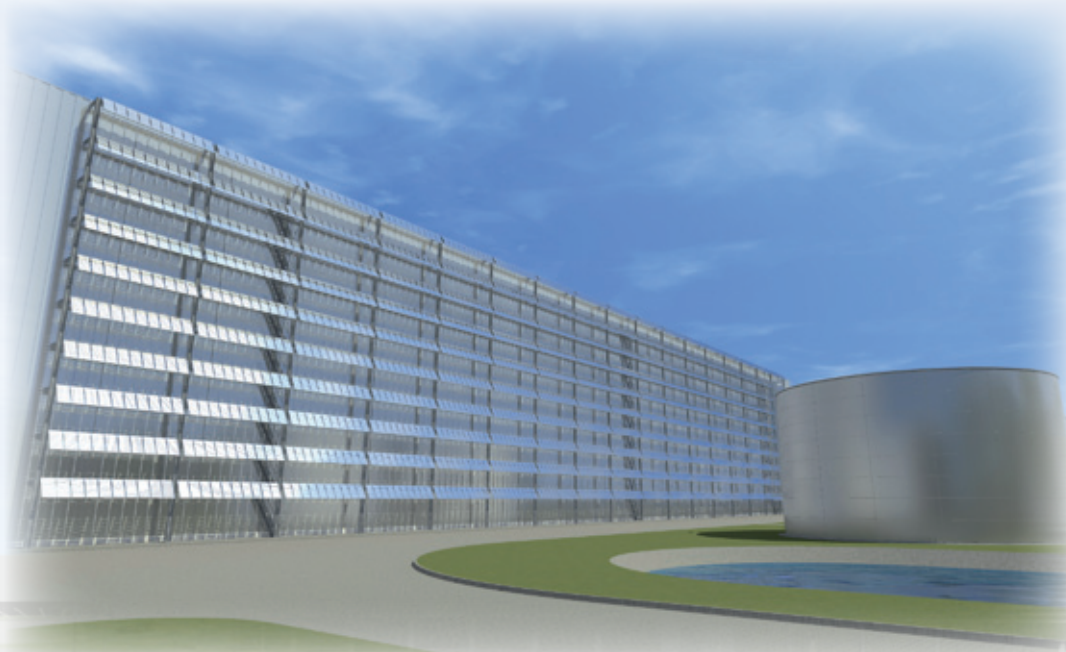
- Without prospect - mainly located in the traditional market places (high streets)*
- Too small to present the wide portfolio of NG2's products*
- Located in unattractive small and mid-sized towns*

Change of the format of the stores announced:

- Smaller Quazji boutiques – ca. 100 m²*
- Larger BOTI shops – 170–200 m²*
- Larger CCC saloons – in the best locations even more than 500 m²*

*In the 2011 we are expecting the growth of floorspace by
14.000 sqm (10%)*

New, fully-automated logistic center in Polkowice



Completion of the logistic center is scheduled for the end of 2011

- 23 thousand sqm, capacity over 5 million pairs,*
- Over 38 million PLN subsidized by EU, out of 98 million value of the project*



NG2
New Gate Group

Shareholders structure (shares)

NG2 S.A. has been listed on the Warsaw Stock Exchange since 2004

The main shareholder and founder of NG2 is The President of Management Board Mr Dariusz Milek

*Number of shares:
38.400.000*

